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Referred: Oil and Gas, Labor and Commerce and  
Resources

5-1050A

1 IN THE SENATE

BY FAHRENKAMP

2 SENATE JOINT RESOLUTION NO. 43

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to the shipping of Alaska oil.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS on January 16, 1987, the United States Court of Appeals for  
8 the District of Columbia vacated a United States Department of Transporta-  
9 tion rule under which three very large crude oil carrier ships, the Arco  
10 Independence, the Arco Spirit, and the Brooklyn were allowed to operate in  
11 the United States domestic shipping market; and

12 WHEREAS the court decision would require all three ships to stop  
13 domestic shipping of Alaska oil by July 16, 1987, unless the United States  
14 Department of Transportation adopts another rule to allow the ships to  
15 continue their domestic shipping; and

16 WHEREAS a fourth ship, the Bayridge, that is used in Alaska oil ship-  
17 ping may also be affected by the court decision; and

18 WHEREAS Alaska oil production has increased significantly in the last  
19 year, and these four ships currently move 200,000 barrels of Alaska oil to  
20 market every day; and

21 WHEREAS if the four ships are prohibited from engaging in domestic  
22 shipping, a large number of much smaller, less efficient and more expensive  
23 ships will be required to take their place to transport Alaska oil to  
24 market, and this change would raise the cost of transportation for all  
25 Alaska oil shipped in these smaller ships by an estimated \$.25 to \$1.00 per  
26 barrel, and netback values on the oil would decline accordingly; and

27 WHEREAS if the Arco Independence, the Arco Spirit, and the Brooklyn  
28 are not allowed to engage in the domestic shipment of Alaska oil, the  
29 direct economic loss to the state will be between \$18,000,000 and

1 \$150,000,000 annually; and

2 WHEREAS if the United States Department of Transportation fails to  
3 adopt a rule by July 16, 1987, allowing these four ships to operate in the  
4 domestic shipping market, the transportation of Alaska oil may be disrupt-  
5 ed, the transportation costs will increase dramatically, and the state and  
6 the federal government will lose a significant amount of revenue; and

7 WHEREAS the substitution of a large number of smaller ships could  
8 disrupt the transportation of Alaska oil because the smaller ships are  
9 often older, less well-equipped, and less safe, and because the increased  
10 number of ships could cause congestion at docking facilities; and

11 WHEREAS the best-equipped and safest ships should be used for the  
12 transportation of oil in order to protect the environment and communities  
13 through which the ships pass;

14 BE IT RESOLVED that the Alaska State Legislature respectfully urges  
15 the Secretary of the United States Department of Transportation to adopt  
16 before July 16, 1987, a rule that would enable the Arco Independence, the  
17 Arco Spirit, the Bayridge, and the Brooklyn to continue to operate in the  
18 United States domestic shipping market without interruption.

19 COPIES of this resolution shall be sent to the Honorable Elizabeth H.  
20 Dole, Secretary of the U.S. Department of Transportation; and to the Honor-  
21 able Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the  
22 Honorable Don Young, U.S. Representative, members of the Alaska delegation  
23 in Congress.